



The OECD Better Life Index

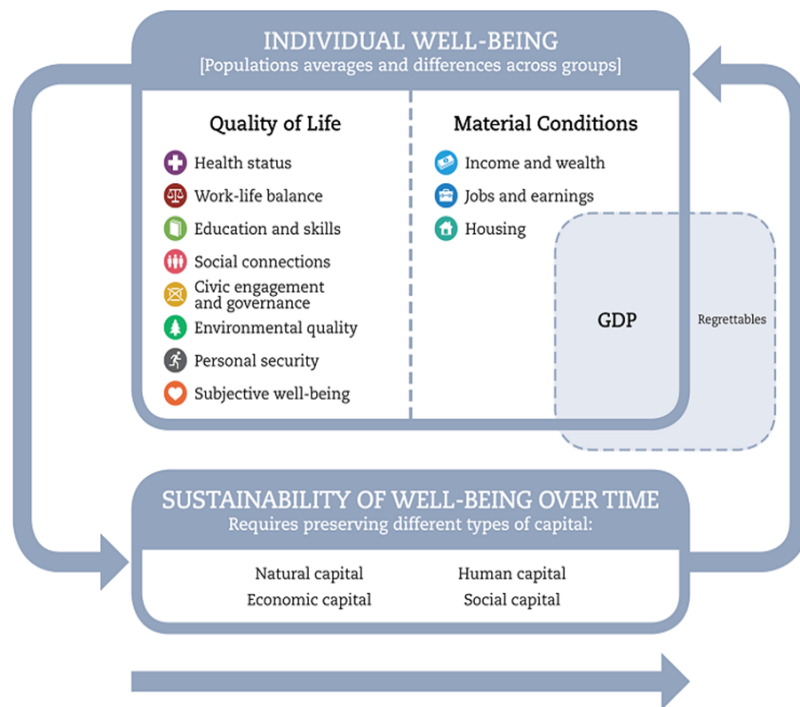
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and Sentiment Indicators – December 2015



Background: the OECD well-being conceptual framework

Building on best practices for measuring well-being and progress, the recommendations of the Stiglitz-Sen report, consultation with international experts and NSOs represented in the OECD Committee on Statistics and Statistical Policy, the OECD has developed a well-being conceptual framework.



- Not only material conditions matter, but also the quality of life more generally: 11 dimensions are considered.
- Both objective and subjective aspects.
- Both averages and inequalities.
- Both today and tomorrow.



Well-being is a multi-dimensional concept

Multi-dimensional concepts can be assessed by a set of indicators (dashboard) or a composite index:

- Dashboard (e.g. in *How's Life?*, the well-being report where the OECD presents a dashboard of 25 headline indicators (~ 2 / dimension) and 33 secondary indicators):
 - Pro: extensive information
 - Cons: easy to miss the big picture, no information on interrelations across outcomes
- Composite index:
 - Pro: summarizes complex information into a headline index which is easier to communicate
 - Cons: loss of information; need to make arbitrary assumptions for weighting at each aggregation level



The OECD Better Life Index (BLI)'s approach

Hybrid approach:

- 11 pre-defined dimensions
- 1 to 4 pre-selected indicators for each dimension
- Normalisation of indicators so that they all range between 0 and 1
- Equal weights applied to indicators in each dimension
- Stated preferences: users assign a weight to each of the 11 dimensions of the OECD well-being framework, i.e. they create their own composite index (weighted arithmetic average over the 11 dimensions).

Rationale for the choice of indicators in each dimension:

1. Relevance:
 - Face validity (-> Does it match with what you want to measure?)
 - Clear interpretation (-> Is more better?)
 - Policy relevant (-> Can it be changed through policies?)
2. Data considerations:
 - Official or well-established sources
 - Standardized definition
 - Good country coverage
 - Recurrent data collection
 - Possibility to disaggregate by population groups



List of indicators in each dimension (1/2)

Income and wealth

- Household net adjusted disposable income (USD PPPs per capita)
- Household net financial wealth (USD PPPs per capita)

Jobs and earnings

- Employment rate
- Long-term unemployment rate (1 year or more)
- Average gross annual earnings of full-time employees
- Employment insecurity

Housing conditions

- Rooms per person
- Dwellings without basic facilities
- Housing facilities

Health status

- Life expectancy at birth
- Self-reported health

Work-life balance

- Employees working very long hours (50 hours a week or more)
- Time devoted to leisure and personal care



List of indicators in each dimension (2/2)

Education and skills

- Educational attainment
- Students' cognitive skills
- Expected years in education (at age 5 until 39)
- Competences in adult population

Social connections

- Social network support

Civic engagement and governance

- Consultation on rule making
- Voter turn-out

Environmental quality

- Air pollution (PM10 concentrations)
- Satisfaction with water quality

Personal security

- Homicide rates
- Self-reported victimization (assaulted or mugged)

Subjective well-being

- Life satisfaction

Further information available here:

<http://www.oecd.org/statistics/OECD-Better-Life-Index-2015-definitions.pdf>



A dedicated web application (1/2)

- Main innovation: allows users to create their own composite index, i.e. assign a weight to each of the 11 dimensions of the OECD well-being framework.
- Interactive web application designed to involve people in the discussion on well-being and to learn what matters for them.

<http://www.oecdbetterlifeindex.org/>

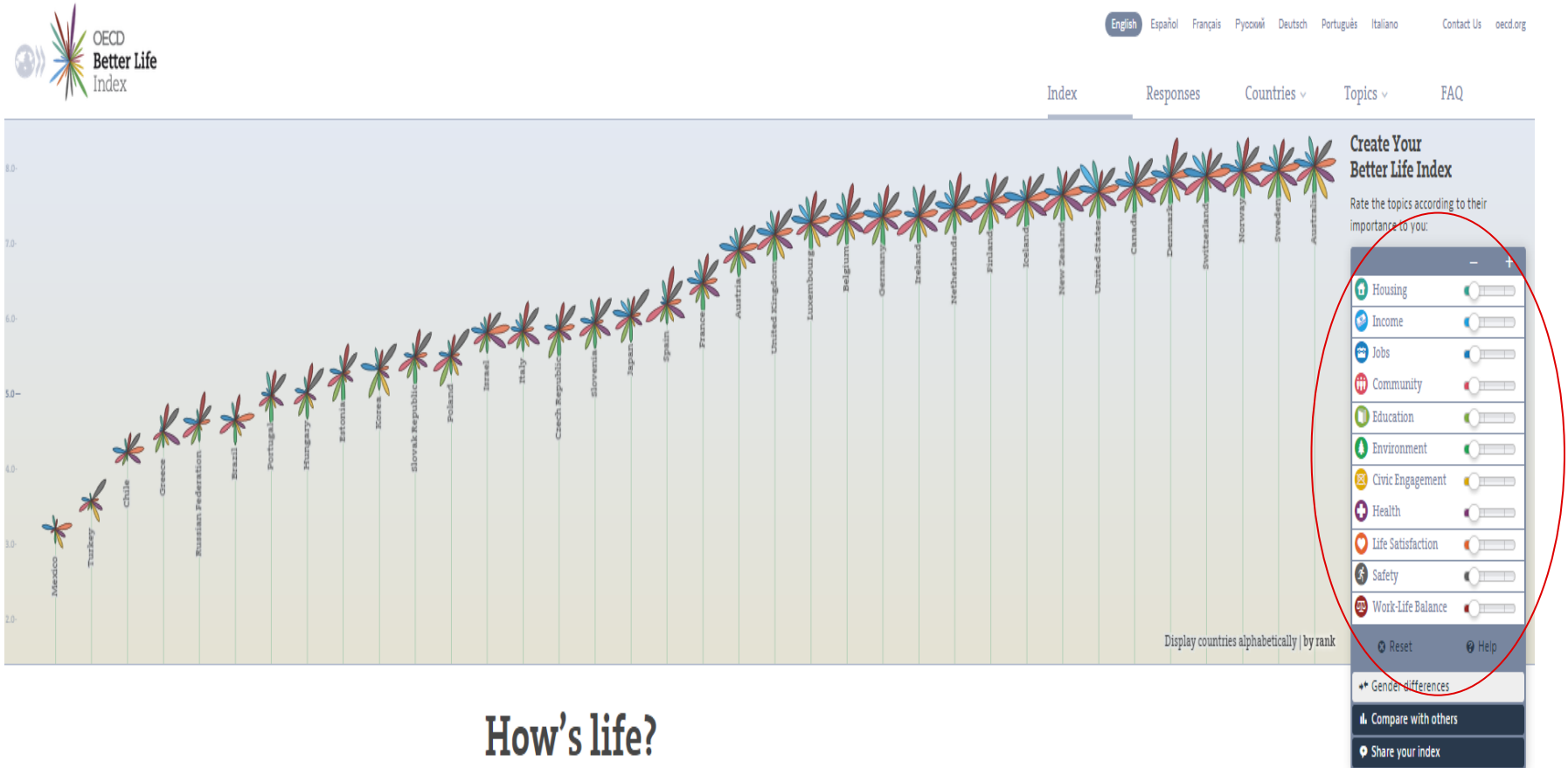
-> Almost 6 million visits since the website was launched in 2011.

- Users can see how countries' average (and by gender) achievements compare based on one's own personal priorities in life, compare their choices with peers and share their index with other people in their network and with the OECD.

-> Up to now, 77000 users (after data cleaning) have shared their BLI with the OECD.

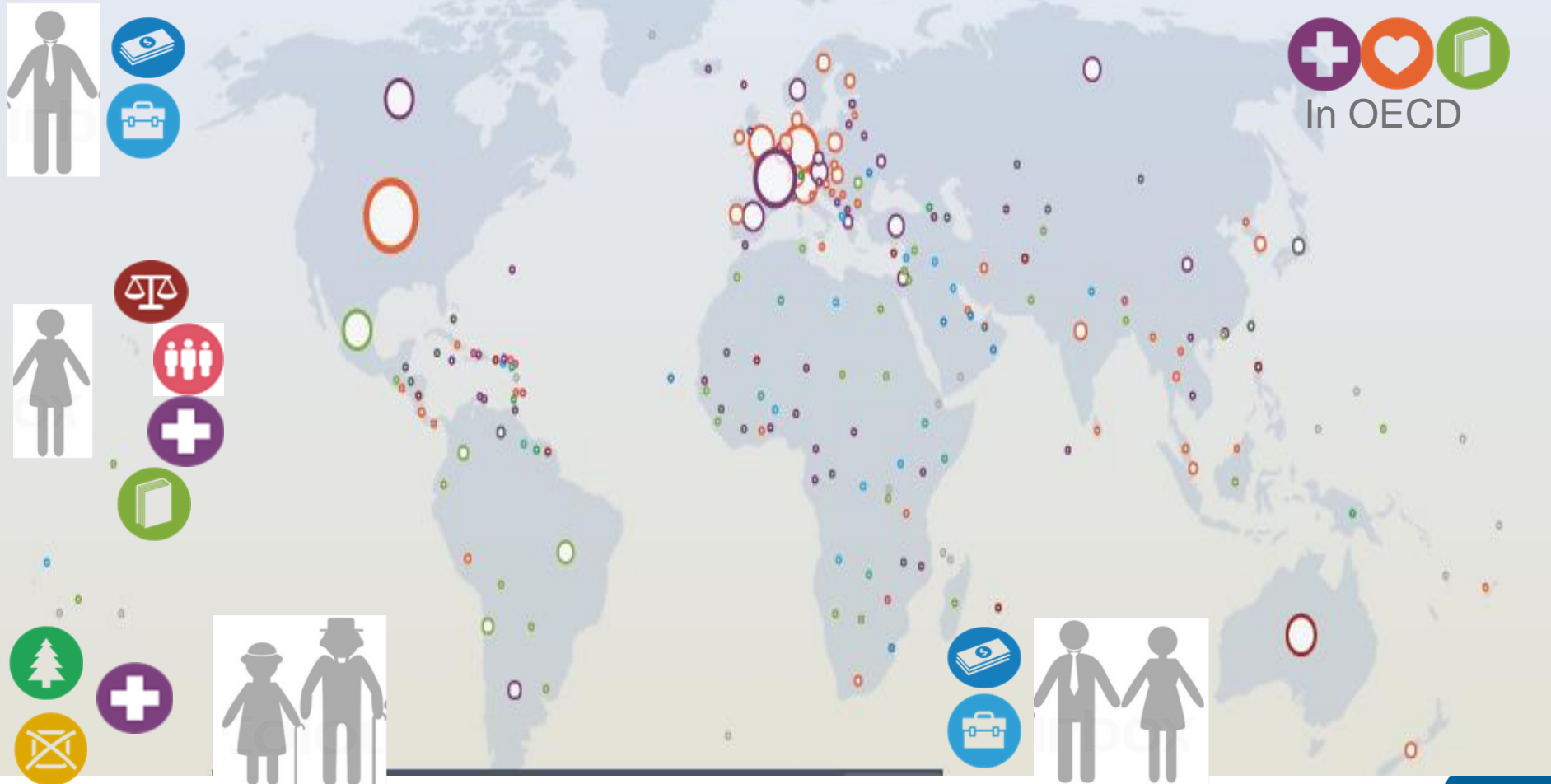


A dedicated web application (2/2)





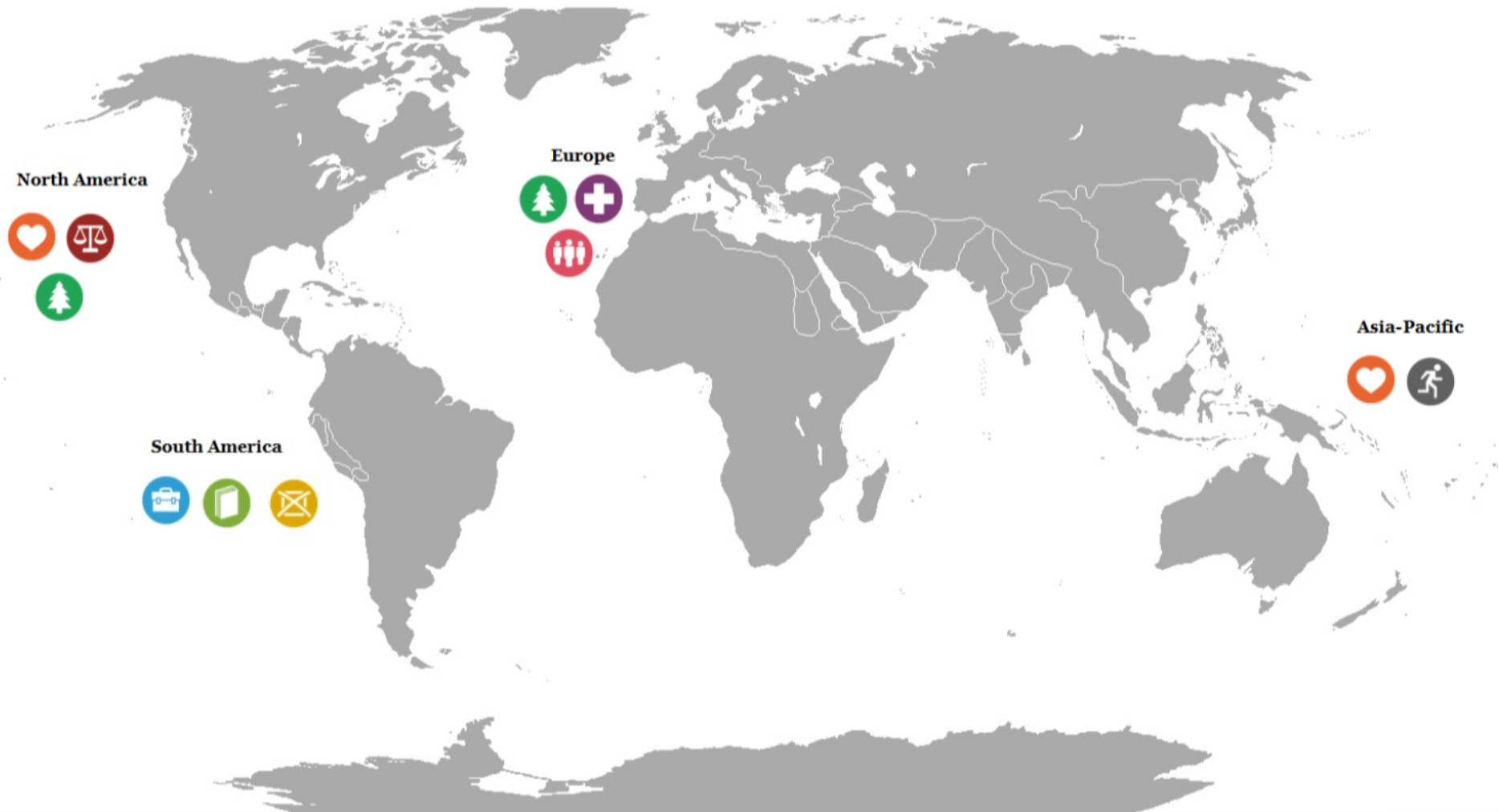
What matters most for users? (1/2)





What matters most for users? (2/2)

Regional patterns





The way forward

- Improve some of the underlying indicators
- Further investigate how users weight the different BLI dimensions and how this information may be useful to design better policies.
- Move towards a distribution-sensitive Better Life Index (see http://www.oecd-ilibrary.org/economics/towards-a-distribution-sensitive-better-life-index_5jrpppx9xh8q-en)



Thank you for your attention!

<http://www.oecdbetterlifeindex.org/>